

The image shows two Air Asia Formula 1 cars on a racetrack at night. The cars are white with black and red accents. The car in the foreground is closer to the viewer, and its red rear light is illuminated, casting a red glow on the track. The car in the background is further away and also has its red rear light on. The 'Air Asia' logo is visible on the front of both cars. The 'Air Asia' logo is also written in a white, cursive font in the top right corner of the image.

Air Asia

Leaving the Competition Behind

Second Quarter (Apr-Jun) 2009 Results

12 Aug 2009

Disclaimer



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Key Highlights for Second Quarter

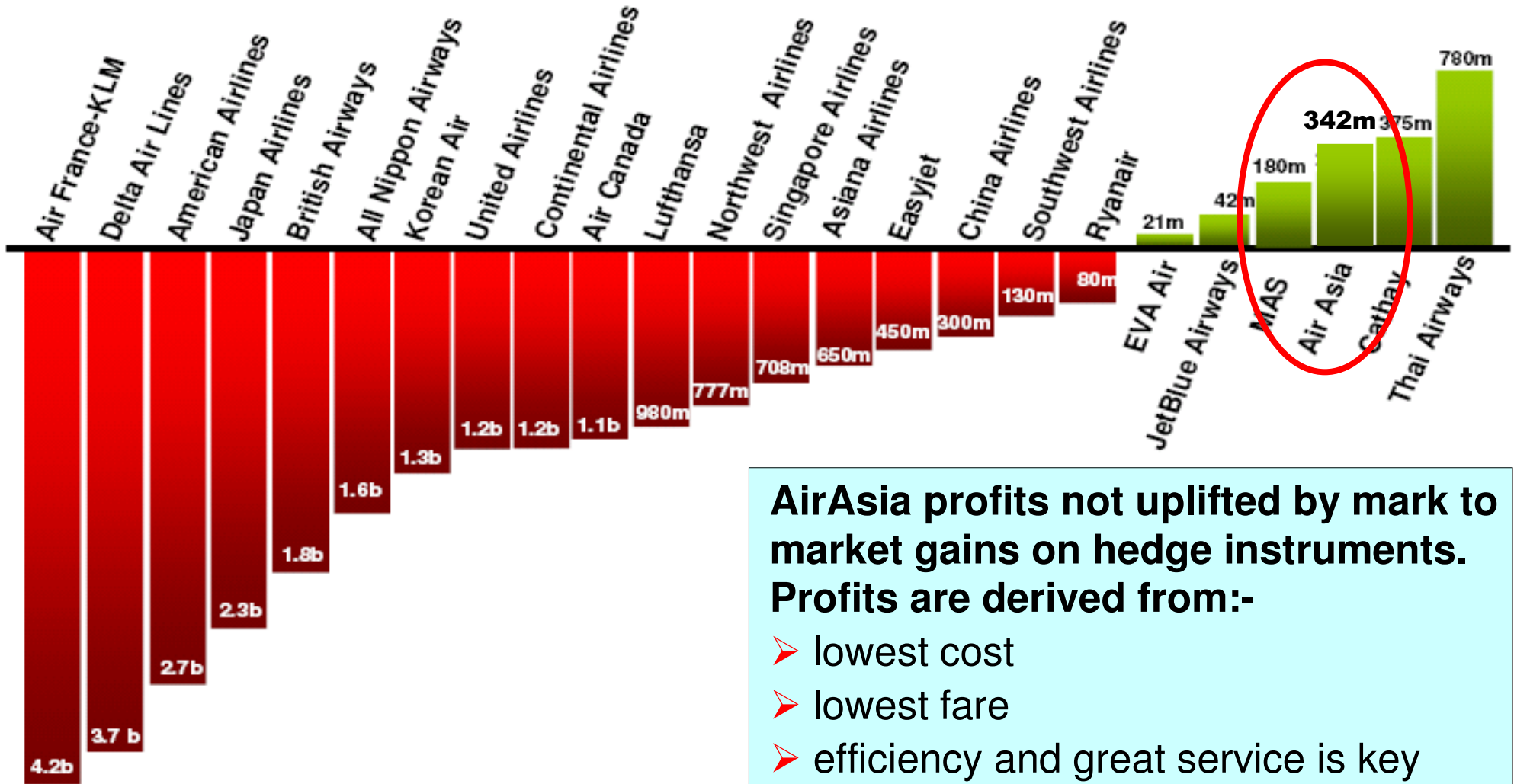


- ❑ **Disciplined growth**
 - Group fleet size of 75 operational aircraft (end of June)
 - capacity growth of 22% and passenger growth of 24% year on year
- ❑ **Second quarter results exceeds expectations**
 - core operating profit 128 million, 328% growth
 - core operating profit margin 19.5%
- ❑ **Lowest cost airline in the world at 2.25 US cents / ASK**
- ❑ **Bucking the trend – increase frequency and launched new routes**
- ❑ **Defer eight Airbus A320 aircraft for 2010 deliveries**
- ❑ **Early return of Boeing 737-300 aircraft from the fleet**
- ❑ **Resolution with MAHB on airport charges**
 - lower airport cost imminent
- ❑ **Abolished administrative fee in June**

AirAsia Outperforming the Industry Significantly



Net Income in First Half 2009 (RM million)

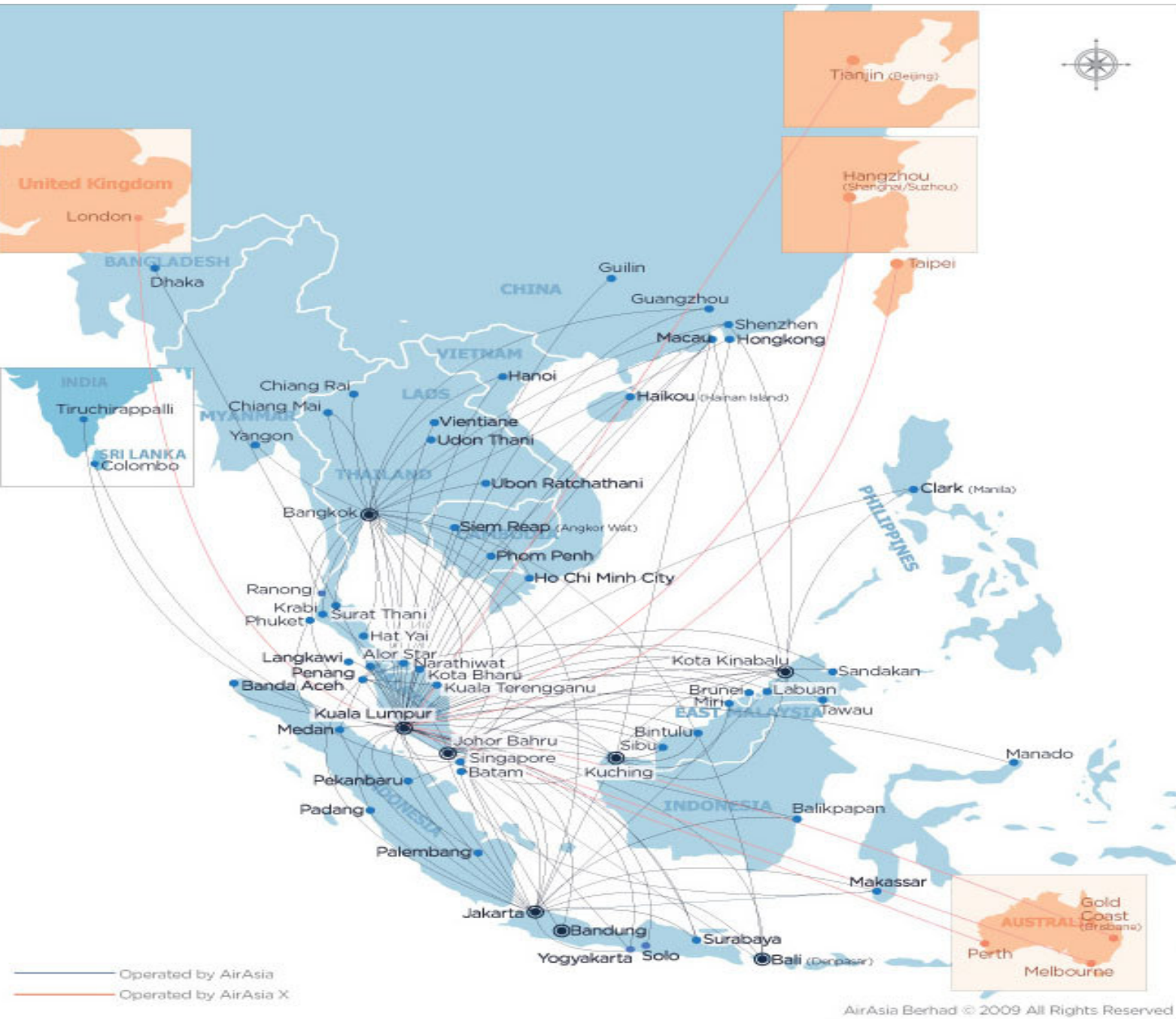


AirAsia profits not uplifted by mark to market gains on hedge instruments. Profits are derived from:-

- lowest cost
- lowest fare
- efficiency and great service is key

Source: Bloomberg, Company data

Our Route Network Getting Bigger and Bigger *AirAsia*



Period	# Routes Served
2002	6
2003	11
2004	26
2005	52
2006	65
2007	75
2008	104
NOW	117

Latest Route

KL – Colombo
 Penang – Hong Kong

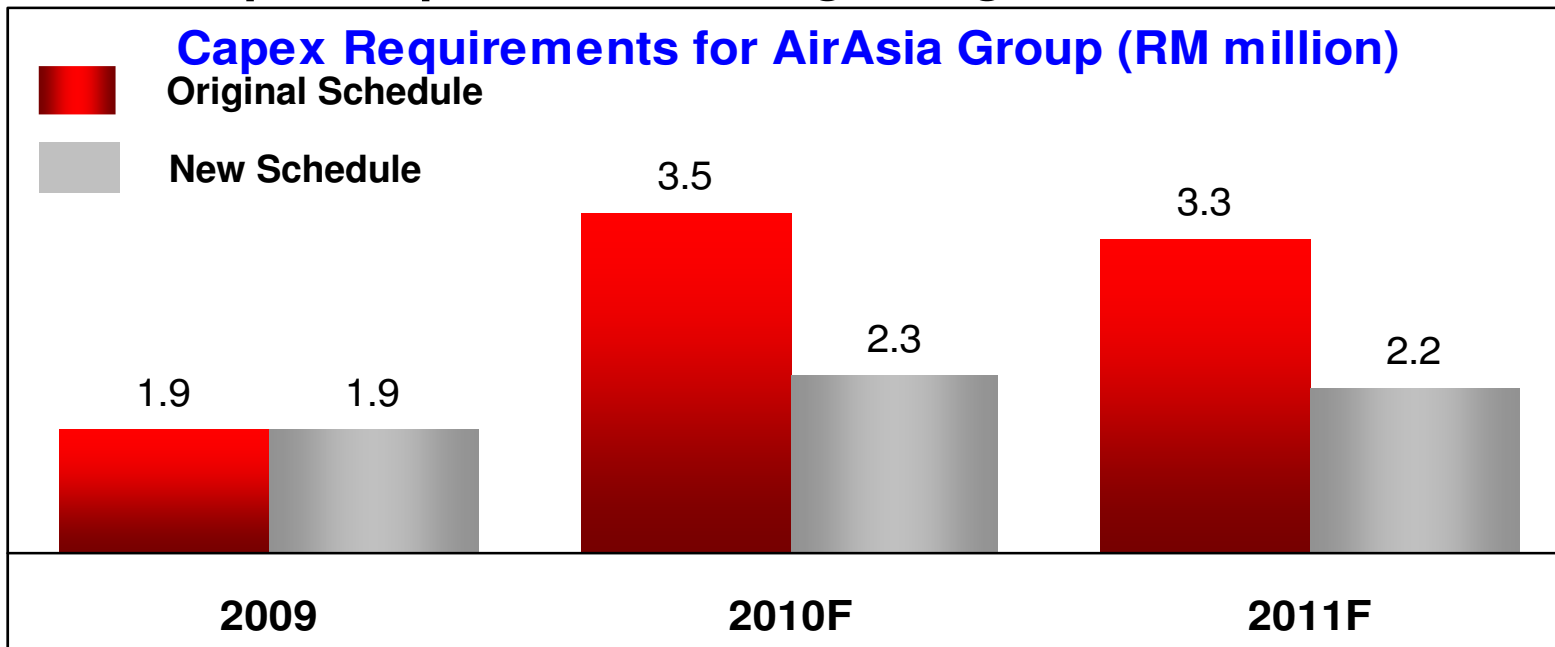
Upcoming Route

Bangkok – Taipei
 Kota Kinabalu – Taipei
➔ 43 unique routes

Deferring Aircraft Due to Infrastructure Constraints



- ❑ **Deferred eight Airbus order for 2010**
 - very likely to defer an additional eight in 2011
 - new delivery schedule is more conducive for current environment
- ❑ **There has been no progress on the new Low Cost Terminal**
 - MAHB have not provided any blue prints on the terminal
 - MAHB have yet to provide a commercial service agreement
 - no ground breaking yet, originally scheduled to be in June 2009
- ❑ **Lower Capex requirements and gearing ratio**





Result Commentary

- Second Quarter 2009

Q2 2009: Revenue Growth Components

Year-Over-Year % Change



Revenue growth driven by volume

- price is not the primary growth component

Robust volume growth driven by

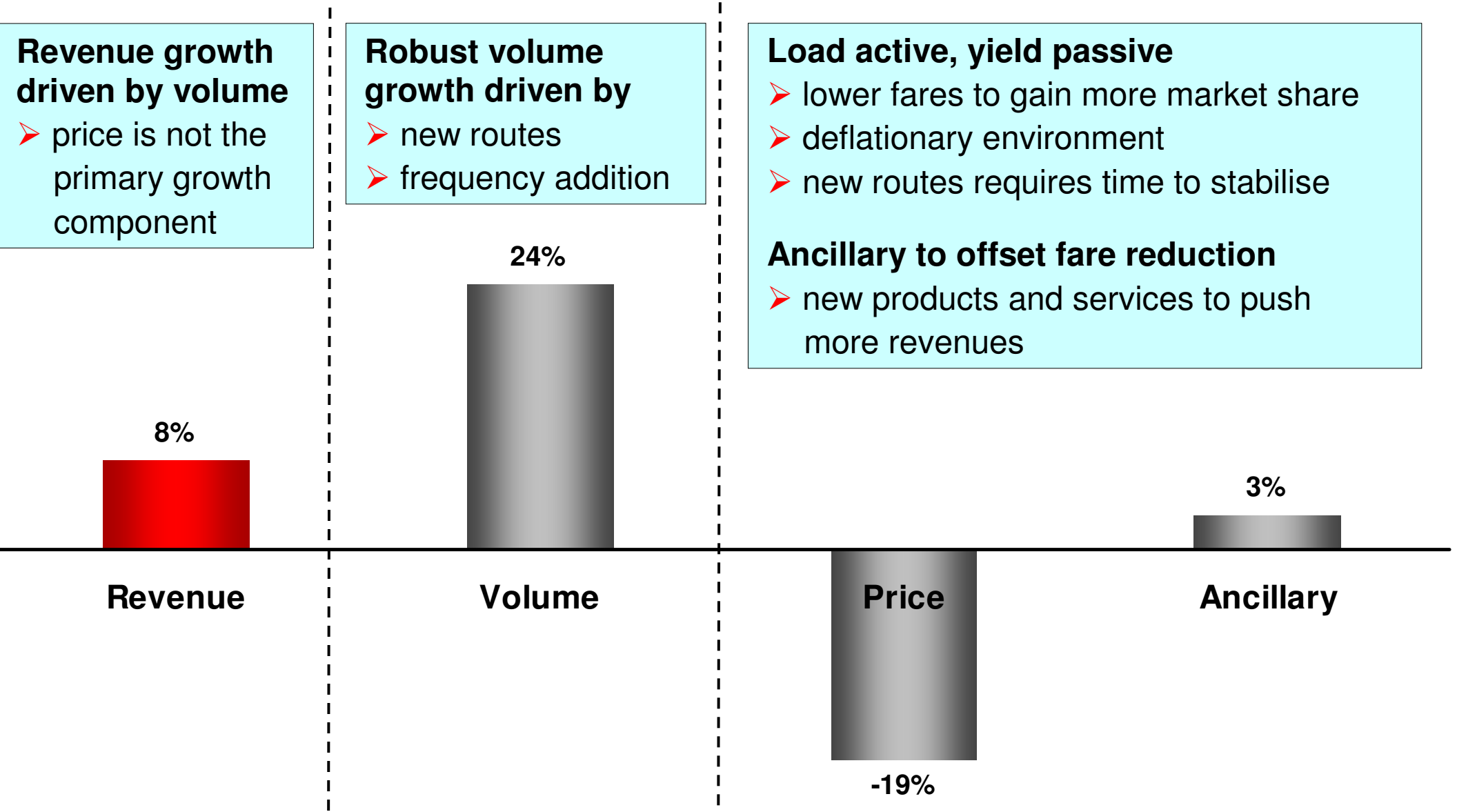
- new routes
- frequency addition

Load active, yield passive

- lower fares to gain more market share
- deflationary environment
- new routes requires time to stabilise

Ancillary to offset fare reduction

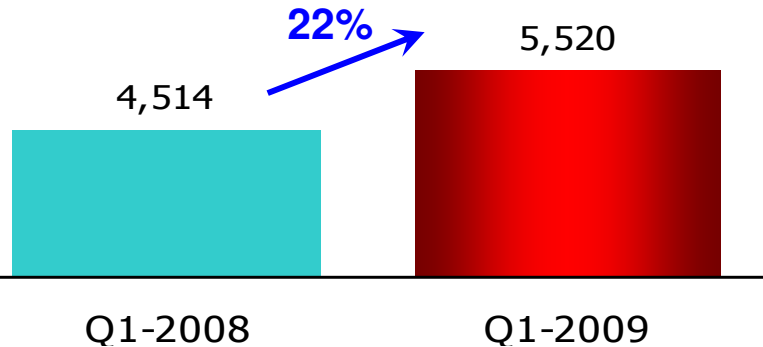
- new products and services to push more revenues



Capacity Rollout Matches Demand



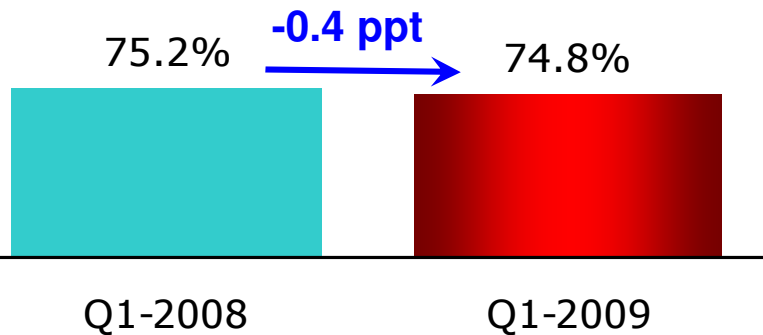
ASK (million)



Capacity growth of 22% YoY

- new routes introduced
- increase frequency

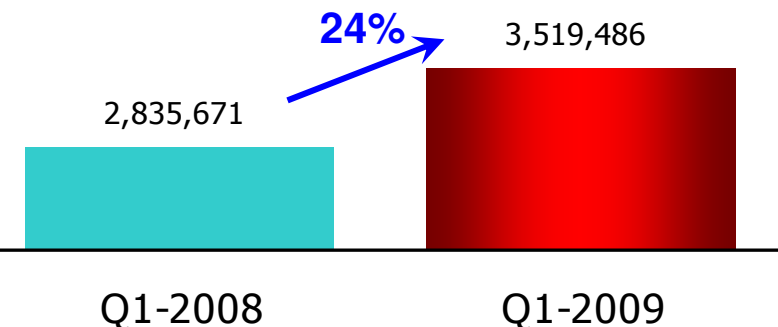
Load Factor



Load factor remains stable

- the only airline that is able to grow capacity and maintain stable load factor

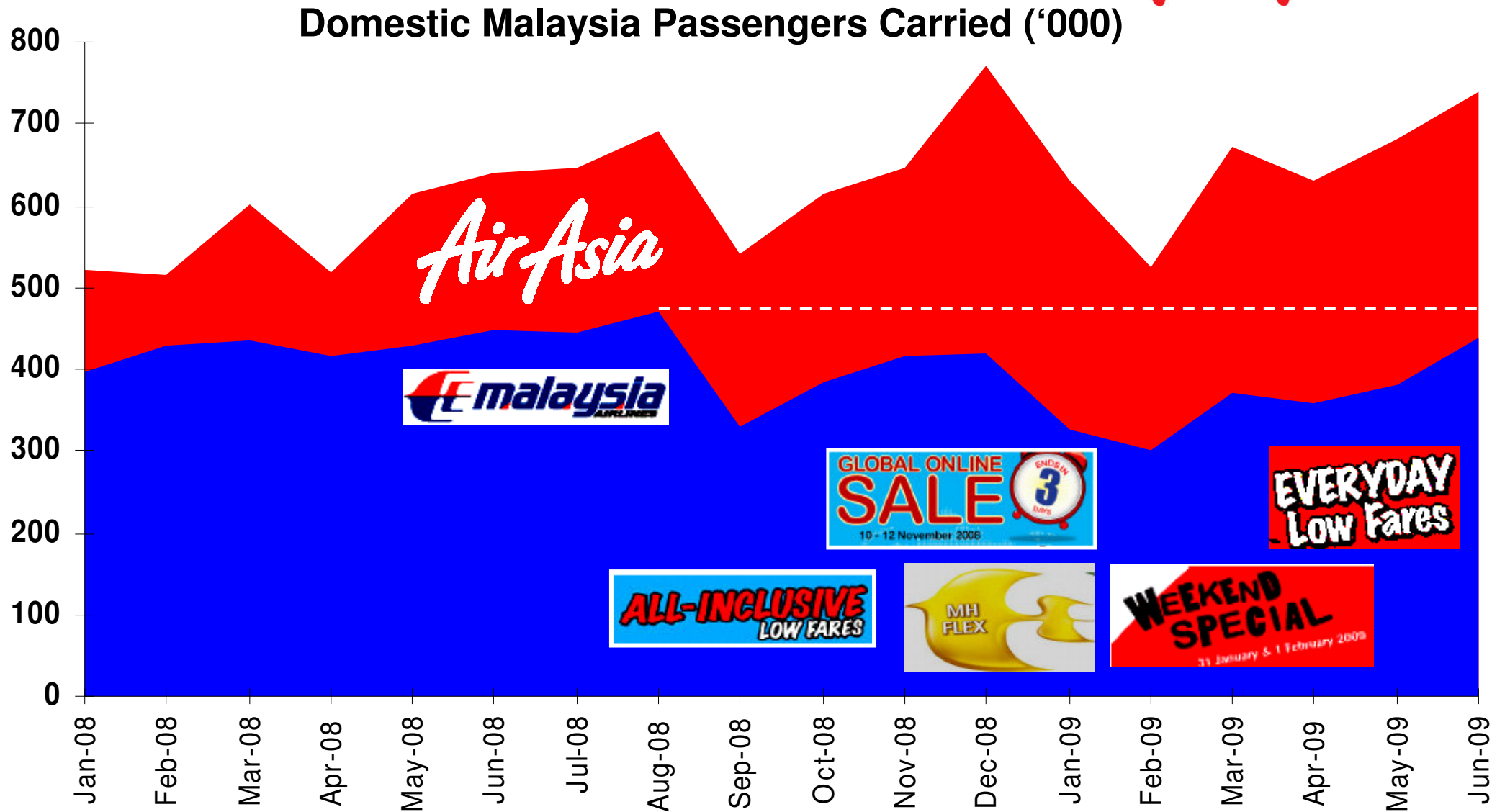
Passenger Carried



Passenger growth of 24%

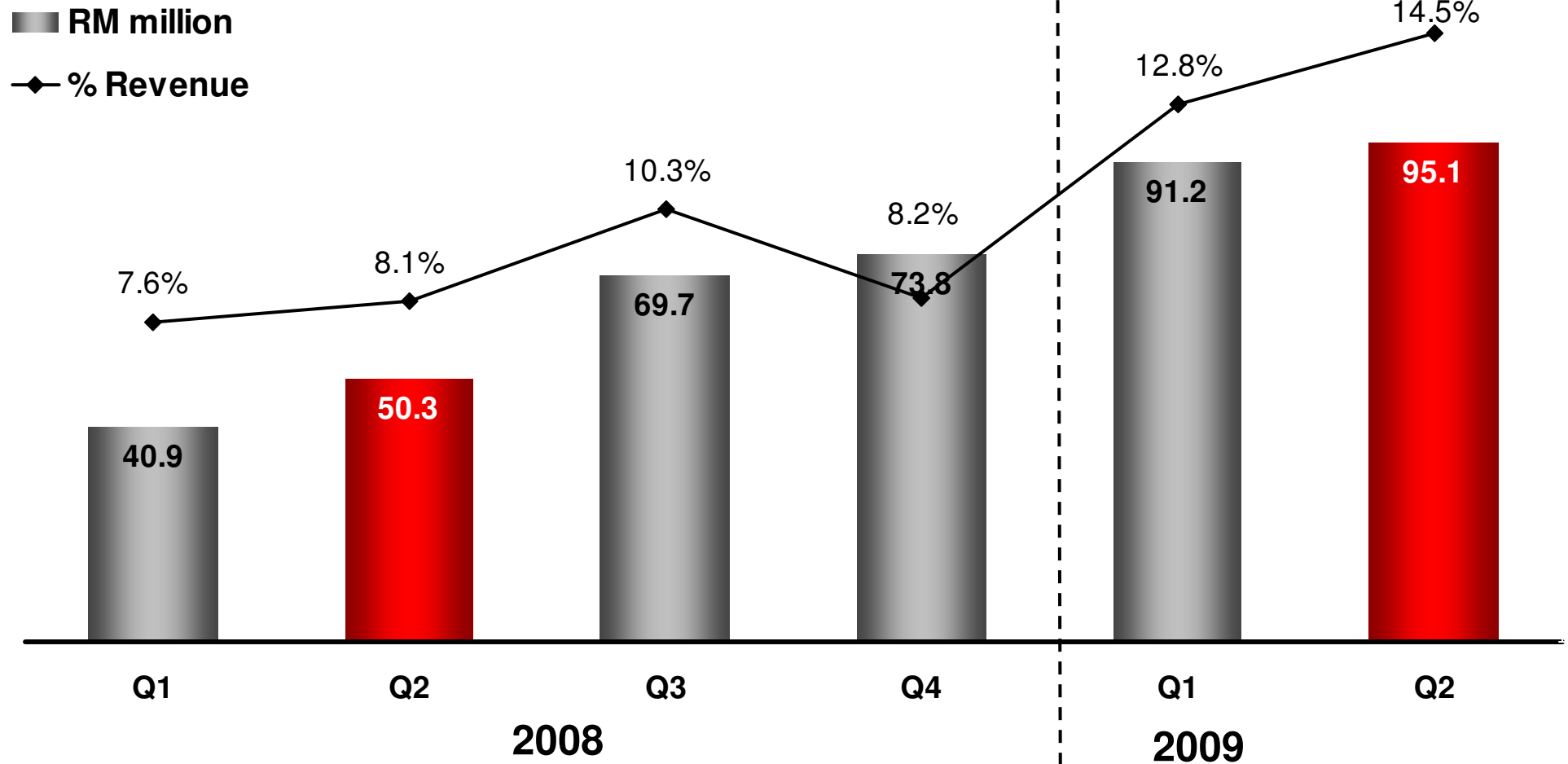
- low fare strategy has succeeded in driving strong growth
- more people switching to AirAsia

No Impact from Competitor's Sales Campaign *AirAsia*



➔ AirAsia continues to dominate the Malaysian domestic sector

Driving Growth From Ancillary Income



- Ancillary to support high profit margins and stable profits
 - able to produce stable profits as it is **NOT** seasonally sensitive

Core Operating Profit



Quarter Ended: 30 June RM'000	Apr-Jun 2009	Apr-Jun 2008	Δ (%)
Profit before taxation	138,162	(46,901)	-395%
<u>Adjustments:</u>			
Unwinding of derivatives (gain) / loss	6,238	0	n/a
Forex (gain) / loss	(11,678)	76,885	-115%
Disposal of assets (gain) / loss	(4,296)	0	n/a
Core Operating Profit	128,426	29,984	328%

- ❑ Took advantage of the low price and unwound fuel hedges
- ❑ Forex gain due to the strengthening of Malaysia Ringgit against USD
- ❑ Disposal of asset gains relates to engine sale
 - disposing surplus spare engines as part of Boeing 737-300 phase out process



Result Commentary

- First Half 2009

First Half 2009: Revenue Growth Components



Year-Over-Year % Change

Revenue growth primarily volume driven

Passenger volume growth driven by

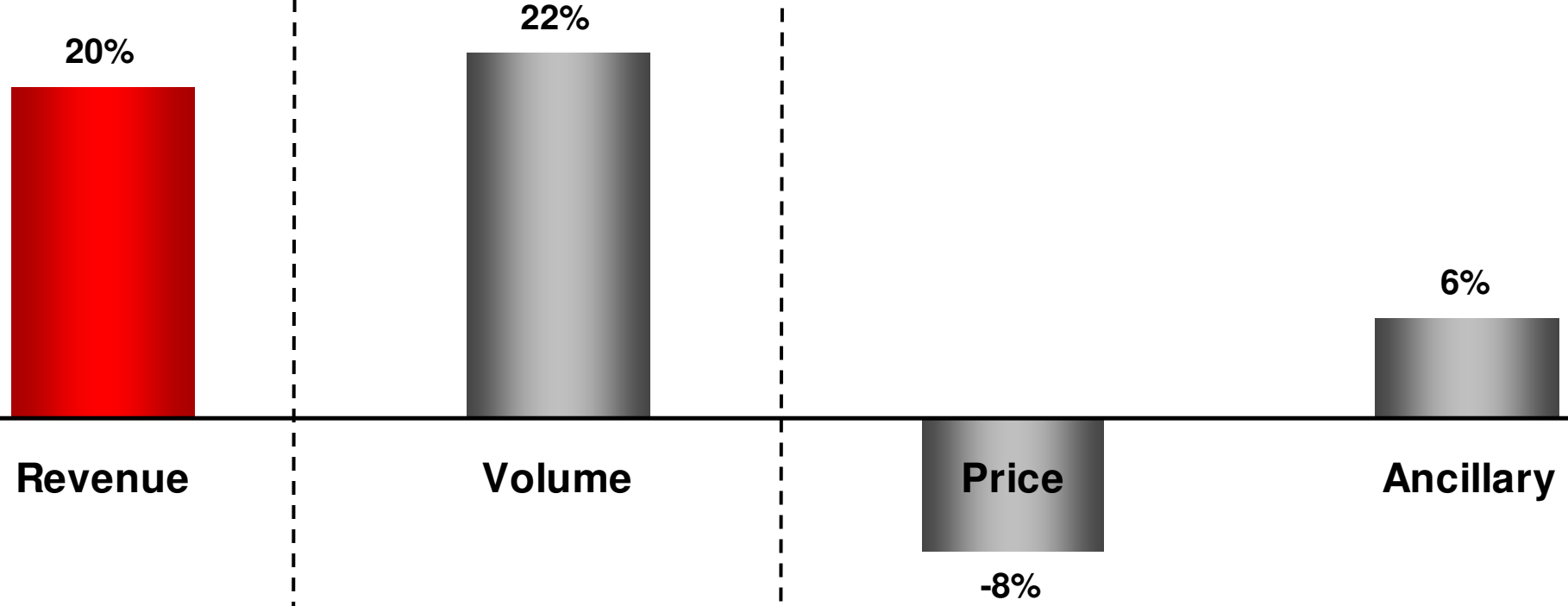
- new routes
- frequency addition

Lower fare to drive high traffic growth

- load active, yield passive

Ancillary to offset fare reduction

- new products and services to push more revenues



Summary of First Half Result



First Half Ended: 30 June	Jan-Jun 2009	Jan-Jun 2008	Δ (%)
Revenue (RM'000)	1,371,622	1,143,673	20%
EBITDAR (RM'000)	586,171	278,345	111%
Core Operating Profit (RM'000)	288,151	53,992	434%
EBITDAR Margin	42.7%	24.3%	18.4 ppt
Core Operating Profit Margin	21.0%	4.7%	16.3 ppt
Revenue / ASK (sen)	12.79	12.88	-1%
Cost / ASK (sen)	8.30	11.05	-25%
Load factor	72.3%	73.7%	-1.4 ppt

- ❑ **Strong core operating profit performance**
 - RM288 million, five times more than same period last year
 - industry leading margins of 21.0%
- ❑ **Stable yields – lower fares compensated by higher ancillary income**
- ❑ **Lower cost underpinning high profitability**
- ❑ **Stable load factors despite significant capacity addition and new routes**

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Associate Updates

AirAsia Thai Updates



Quarter Ended: 31 March THB' 000	Apr-Jun 2009	Apr-Jun 2008	Δ (%)
Revenue	2,025,312	2,062,413	(2%)
EBITDAR	352,618	(125,675)	n/a
Profit after Tax	(80,575)	(446,376)	82%
Profit after Tax (RM'000)	(8,187)	(44,266)	82%
EBITDAR Margin	17.4%	-6.1%	n/a
Profit after Tax Margin	-4.0%	-21.6%	n/a

□ Contained losses to minimal level

- losses after tax of THB81 million (RM8.1 million)
- carried 10% more passengers YoY despite very difficult environment
- average fare are 15% lower YoY with 69% load factor
- Thailand now has nine new Airbus A320 aircraft
- competitors are scaling back capacity and cancelling flights

AirAsia Indonesia Updates



Quarter Ended: 31 March IDR million	Apr-Jun 2009	Apr-Jun 2008	Δ (%)
Revenue	452,286	332,797	36%
EBITDAR	59,379	(35,554)	n/a
Profit after Tax	(64,634)	(71,976)	10%
Profit after Tax (RM'000)	(21,763)	(24,958)	13%
EBITDAR Margin	13.1%	-10.7%	n/a
Profit after Tax Margin	-14.3%	-21.6%	n/a

❑ Strong revenue growth driven by Airbus A320

- revenue growth of 36% driven by 47% passenger growth
- average fare down by 11%, significant capacity addition of 56% necessitates aggressive promotions and low fare
- EBITDAR of IDR59 billion with 13% margins
- June performance is profitable, Bali-Perth route is underpinning sustained profitability and strong third quarter performance



AirAsia X Updates

First Half Ended: 30 June RM million	Jan-Jun 2009
Revenue	278
EBITDAR	67.9
Core Operating Profit	4.7
EBITDAR Margin	24.5%
Core Operating Profit Margin	1.7%

❑ Profitable with strong cash flow

- carried 364k passengers with 69% load factor
- EBITDAR of RM68 million with 25% margins
- launched new service to Taipei in the period
- operating with five aircraft (3 Airbus A330 and 2 Airbus A340)

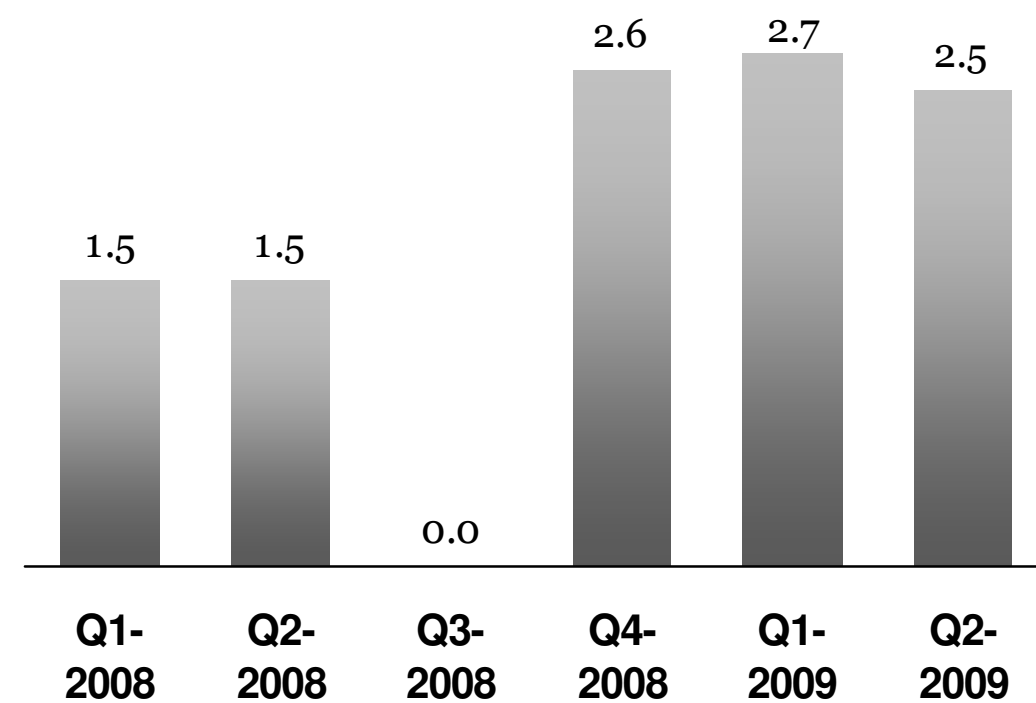
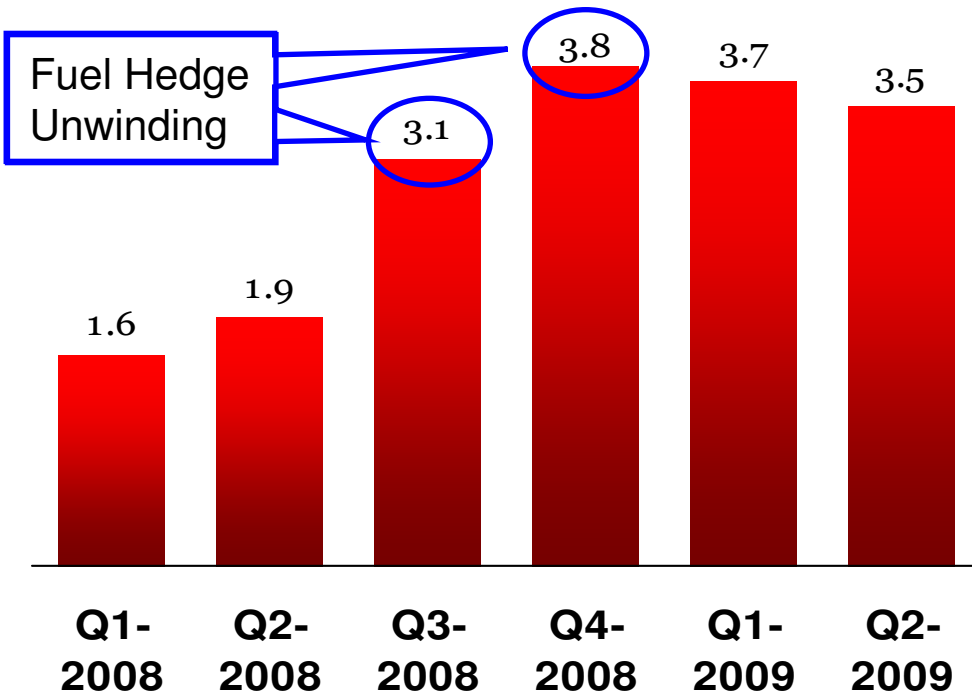
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Balance Sheet

Enhancing Balance Sheet Liquidity

Net Gearing (Net Debt/ Equity)

Cash Cover (EBIT / Interest Paid)



- ❑ **Gearing coming down**
 - cash from operations enhancing cash balances
- ❑ **Debt servicing capabilities at comfortable levels**
 - cash cover is at comfortable levels (>2 times)

Objective of Capital Raising and Timeline

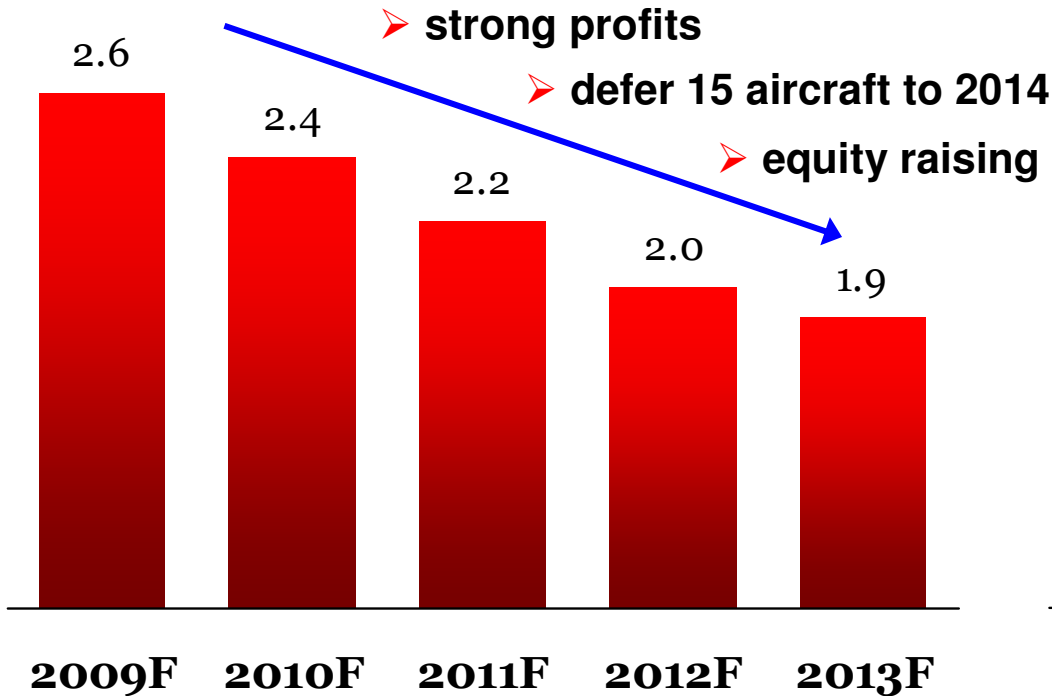


- ❑ **Address investor's concern over our high gearing ratio**
 - it was the single largest concern of the investment community
 - remove share overhang
- ❑ **Improve balance sheet liquidity**
 - build up our “war chest” to fend off market adversities
 - to enable us to capture opportunities quickly as and when they arise
- ❑ **The capital raised may be used for the following:-**
 - Up to 20% of issued capital** - repay part of Company's borrowings
 - working capital requirements

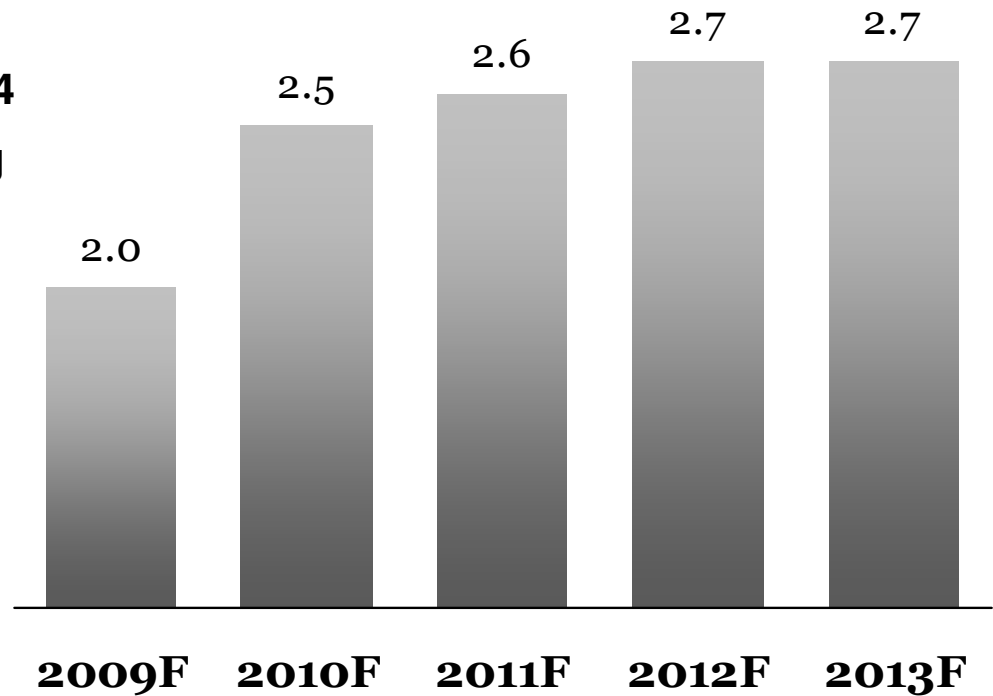
Balance Sheet Outlook with RM500 million Equity Injection



Net Gearing (Net Debt/ Equity)



Cash Cover (EBIT / Interest Paid)



→ Cash position in excess of RM1 billion by end of 2009






- RM500 capital raising
- RM224 existing cash in bank
- Cash from operations
- Debt repayment by associates

Assumptions:-

1. Load factor of 75%
2. Fuel price of US\$70/bbl in 2009, US\$80/bbl thereafter
3. 5% lower yield in 2009, constant thereafter
4. Weighted average interest rate of 5.00%

Capital Raising History of LCC



US\$ million					
Equity raising exercise	1. 328 (May '97) 2. 139 (Sep '01) 3. 142 (Aug '02)	1. 279 (Nov '00) 2. 214 (Feb '01)	1. 158 (Apr '02) 2. 111 (Oct '03) 3. 135 (Jul '05) 4. 98 (Mar '09)	1. 564 (Jun '04) 2. 156 (Apr '05) 3. 49 (Apr '05) 4. 90 (Mar '09)	1. 200 (Nov '04)
Total	609	493	502	859	200
Years since IPO	12	9	7	5	5

Source: Bloomberg, Company data

→ Only the second time AirAsia raising equity

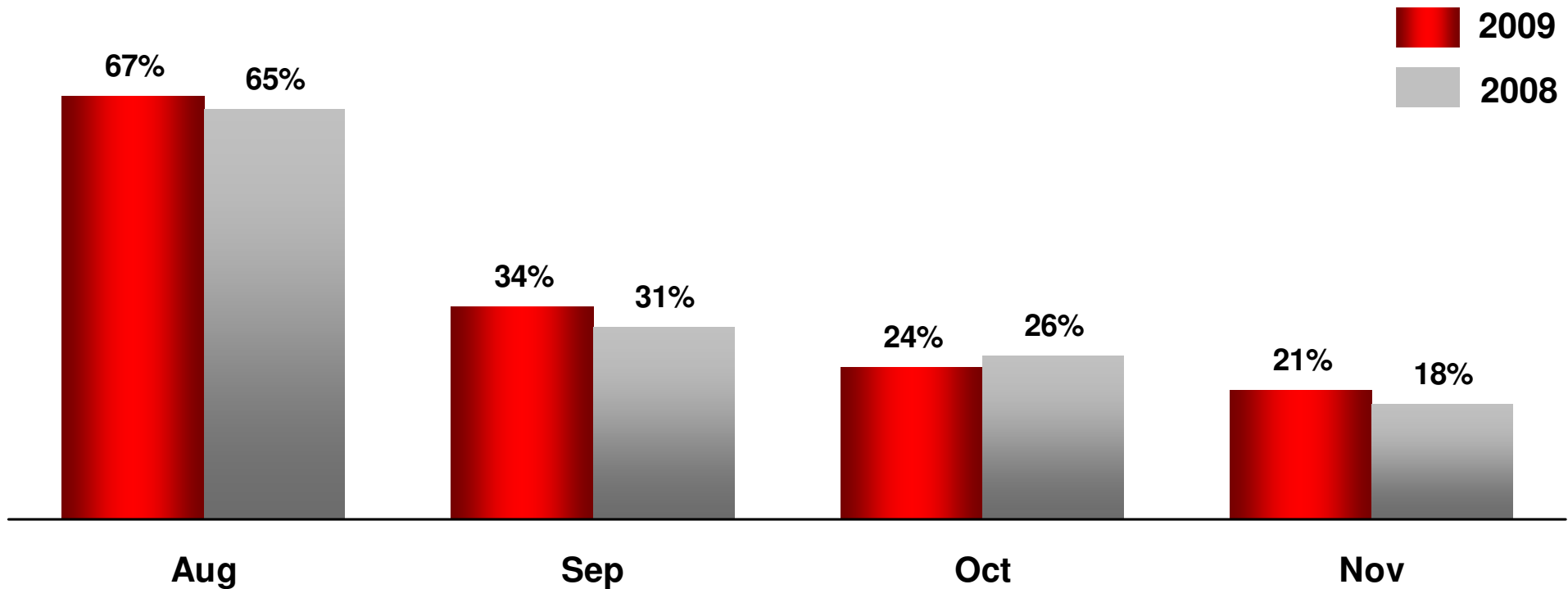
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Outlook

Demand Remains Robust



% Total seats sold as of 11 August



AirAsia Berhad	2009	2008	Δ %
Seats sold in first quarter	3,147,609	2,611,556	21%
Seats sold in second quarter	3,519,486	2,835,671	24%
Seats sold year to date	9,005,828	7,390,498	22%

Summary

❑ Full year 2009 Guidance

- passenger growth upwards of 20%
- lower yields
- lower operating cost

❑ Emphasis on commercial branding

- competitors are slowing, we are continuing to develop our brand
- recognition as a high quality airline with unmatched value for money

❑ Streamlining a young and modern fleet

- removal of Boeing 737-300 aircraft from the fleet by 2010
- AirAsia will have the youngest fleet in the region

❑ Most comprehensive route network in Asia

- new routes are enjoying strong support
- competitors are slowing, we are continuing to expand the network

AirAsia

Appendix

Fleet Composition (30 June 2009)



Number of Operational Aircraft	June 2009
Malaysia	44
Thailand	17
Indonesia	14
Group Total	75
<u>Aircraft Type</u>	
# Airbus A320	60
# Boeing 737-300	15

Note: 3 Boeing 737-300 is awaiting to be sold off and is excluded from the fleet calculation

Financial Data – Second Quarter



Quarter Ended: 30 June RM'000 unless otherwise stated	Apr-Jun 2009	Apr-Jun 2008	Δ (%)
Ticket Sales	562,323	558,020	1%
Ancillary Income	95,121	50,332	89%
Revenue	657,445	608,352	8%
EBITDAR	271,331	149,152	82%
Core Operating Profit	128,426	29,984	328%
Profit/(Loss) after Tax	139,176	9,417	1378%
EBITDAR Margin	41.3%	24.5%	16.8 ppt
Core Operating Profit Margin	19.5%	4.9%	14.6 ppt
Profit after Tax Margin	21.2%	1.5%	19.6 ppt

Operating Data – Second Quarter



Quarter Ended: 30 June	Apr-Jun 2009	Apr-Jun 2008	Δ (%)
Passengers Carried	3,519,486	2,835,671	24%
ASK (million)	5,520	4,514	22%
RPK (million)	4,056	3,286	23%
Seat Load Factor	74.8%	75.2%	-0.4 ppt
Average Fare (RM)	159.8	197.7	-19%
Ancillary Income per pax (RM)	27.0	17.7	52%
Unit Revenue (RM)	186.8	215.4	-13%
Rev / ASK (sen)	11.91	13.48	-12%
Rev / ASK (US cents)	3.35	4.19	-20%
Cost / ASK (sen)	7.97	11.49	-31%
Cost / ASK (US cents)	2.25	3.57	-37%
Cost / ASK-ex fuel (sen)	4.31	4.38	-2%
Cost / ASK-ex fuel (US cents)	1.21	1.14	6%
Aircraft (end of period)	47	44	7%

Operating Data – Second Quarter



Quarter Ended: 30 June	Apr-Jun 2009	Apr-Jun 2008	Δ (%)
Fuel consumed (barrels)	943,703	768,665	23%
Unit fuel price (\$/barrel)	60.3	142.5	-58%
Average stage length (km)	1,185	1,200	-1%
Number of flights	26,082	21,208	23%
Aircraft Utilisation (block hours / day)	11.8	11.8	n/a
Flights / aircraft.day	6.7	6.4	5%

Cost / ASK – year on year Comparison



Cost Breakdown (US cents / ASK)	Apr-Jun 2009	Apr-Jun 2008	Δ (%)	Reason
Staff	0.30	0.38	(21%)	Productivity gains
Fuel and Oil	1.03	2.43	(58%)	Lower jet fuel price
User & Station Charges	0.14	0.00	n/a	Airport credit and rebates granted
Maintenance and Overhaul	0.17	0.13	31%	Redelivery of Boeing 737-300 cost
Cost of Aircraft	(0.24)	(0.13)	85%	Sub-lease income from associates
Depreciation & Amortisation	0.52	0.54	(4%)	Higher aircraft utilisation rate
Sales and Marketing	0.12	0.14	(14%)	Economies of scale
Others	0.21	0.09	133%	Overheads and additional business
Cost / ASK	2.25	3.58	(37%)	
Cost / ASK – excluding fuel	1.22	1.15	6%	
Finance Cost	0.44	0.40	10%	More aircraft being financed
Cost / ASK inc. finance cost	2.69	3.98	(32%)	

Cost Component Breakdown (Malaysia)



Operating Expenses (RM '000)	Q1 2009	Q2 2009	% Revenue	
			Q1	Q2
Revenue	714,178	657,445		
– Staff Cost	(63,465)	(59,413)	(8.9%)	(9.0%)
– Fuel and Oil	(196,011)	(202,177)	(27.4%)	(30.8%)
– User & Station Charges	(49,747)	(28,326)	(7.0%)	(4.3%)
– Maintenance & Overhaul	(32,072)	(33,563)	(4.5%)	(5.1%)
– Sales and Marketing	(20,589)	(24,128)	(2.9%)	(3.7%)
– Others	(37,453)	(38,507)	(5.2%)	(5.9%)
EBITDAR	314,840	271,331	44.1%	41.3%
- Cost of aircraft	47,465	47,728	6.6%	7.3%
EBITDA	362,305	319,059	50.7%	48.5%
- Depreciation & Amortisation	(98,163)	(101,827)	(13.7%)	(15.5%)
EBIT	264,142	217,232	37.0%	33.0%
Net finance cost	(98,092)	(88,296)	(13.7%)	(13.4%)
Net non-recurring items	(87)	(510)	n/a	n/a
Core Operating Profit	165,963	128,426	23.2%	19.5%

Financial Data – First Half



First Half Ended: 30 June RM'000 unless otherwise stated	1H 2009	1H 2008	Δ (%)
Ticket Sales	1,185,253	1,052,402	13%
Ancillary Income	186,369	91,271	104%
Revenue	1,371,622	1,143,673	20%
EBITDAR	586,171	278,345	111%
Core Operating Profit	288,151	53,992	434%
Profit/(Loss) after Tax	342,326	170,693	101%
EBITDAR Margin	42.7%	24.3%	18.4 ppt
Core Operating Profit Margin	21.0%	4.7%	16.3 ppt
Profit after Tax Margin	25.0%	14.9%	10.0 ppt

Operating Data – First Half



First Half Ended: 30 June	Jan-Jun 2009	Jan-Jun 2008	Δ (%)
Passengers Carried	6,667,095	5,447,227	22%
ASK (million)	10,727	8,878	21%
RPK (million)	7,543	6,256	21%
Seat Load Factor	72.3%	73.7%	-1.4 ppt
Average Fare (RM)	177.8	193.2	-8%
Ancillary Income per pax (RM)	28.0	16.8	67%
Unit Revenue (RM)	205.7	210.0	-2%
Rev / ASK (sen)	12.79	12.88	-1%
Rev / ASK (US cents)	3.56	4.01	-11%
Cost / ASK (sen)	8.30	11.05	-25%
Cost / ASK (US cents)	2.31	3.44	-33%
Cost / ASK-ex fuel (sen)	4.59	4.03	14%
Cost / ASK-ex fuel (US cents)	1.28	1.25	2%
Aircraft (average)	41.9	36.3	15%

Operating Data – First Half



First Half Ended: 30 June	Jan-Jun 2009	Jan-Jun 2008	Δ (%)
Fuel consumed (barrels)	1,821,951	1,537,330	19%
Unit fuel price (\$/barrel)	60.9	126.1	-52%
Average stage length (km)	1,174	1,203	-2%
No. of flights	51,166	41,893	22%
Aircraft utilisation (block hours/day)	12.0	11.8	2%



Yasmin Ahmad
1958-2009

We All Miss You

A great storyteller.
A true Malaysian.
Thank You, Yasmin.